



**CORRECTED
FISCAL MEMORANDUM**

HB 751 - SB 1158

March 18, 2022

SUMMARY OF BILL AS AMENDED (012543): Expands eligibility for participation in the individualized education account program (IEAP) to include children with a specific learning disability who also meet the additional criteria.

FISCAL IMPACT OF BILL AS AMENDED:

The fiscal memorandum has been updated to correct the fiscal impact.

(CORRECTED)

**Increase State Revenue - Exceeds \$120,900/Department of Education/
FY22-23 and Subsequent Years**

**Increase State Expenditures – Exceeds \$119,600/Department of Education/
FY22-23 and Subsequent Years**

Other Fiscal Impact – Expanding eligibility for the IEAP will result in a recurring decrease in student enrollment and a loss of BEP funding for LEAs estimated to be \$2,015,200. However, the cost savings from educating fewer students is reasonably estimated to offset the decrease in BEP funding such that the net fiscal impact is estimated to be not significant.

Assumptions for the bill as amended:

- Tennessee Code Annotated § 49-10-1402 establishes the current eligibility requirements:
 - A child must have any of the specified disabilities;
 - Have an active individualized education program (IEP) with one of the specified disabilities listed as their primary or secondary disability in effect at the time the Department of Education (DOE) receives the request for participation in the IEAP; and
 - Either be previously enrolled in a Tennessee public school for one full year, be enrolling in a Tennessee school for the first time, or received an individualized education account in the previous school year.
- The proposed language expands the definition of eligible student to include children with any specific learning disability.
- The Individuals with Disabilities Education Act (IDEA) requires public schools to provide special education and related services to eligible students and to develop an IEP

that is designed for each student's specific needs. To be covered, a child's school performance must be "adversely affected" by a disability in one of the identified categories.

- The federal IDEA statute lists 13 categories of disability under which a child may be eligible for services. Specific Learning Disability (SLD) is one category and pursuant to Sec. 300.8(c)(10), specific learning disability is defined as a disorder in one or more of the basic psychological processes involved in understanding or in using language, spoken or written, that may manifest itself in the imperfect ability to listen, think, speak, read, write, spell, or to do mathematical calculations, including conditions such as perceptual disabilities, brain injury, minimal brain dysfunction, dyslexia, and developmental aphasia.
- Currently, 284 students, or, 0.74 percent (284 / 37,934) of eligible students, participate in the IEAP. Adding SLD as a criterion would expand eligibility to an additional 34,934 students.
- Expanding the IEAP eligibility to include students qualified under SLD may result in an increase of student's withdrawing from LEAs and enrolling in the IEAP, which would cause local education agencies (LEAs) to lose Basic Education Program (BEP) funding.
- If the participation rate remains the same, an additional 258 (34,934 x .74%) students will participate in an IEAP in FY22-23.
- Based on the average cost of \$7,811 per student from the BEP during FY21-22, the decrease in revenue for local education agencies (LEAs) is estimated to be \$2,015,238 in FY22-23 and subsequent years (258 x \$7,811).
- Any local loss of BEP funding due to students enrolling in the IEAP will be offset by cost savings from not having to educate those students. Therefore, the net impact from the loss in BEP funding is estimated to be not significant.
- Tennessee Code Annotated § 49-10-1405 authorizes the Department of Education (DOE) to deduct an amount up to six percent from appropriations used to fund the IEAP to cover the costs of overseeing the funds and administering the program.
- It is estimated state revenue to DOE will increase by \$120,914 in FY 22-23 and subsequent years (\$7,811 x .06 x 258).
- DOE will require two additional Administrative Services Assistant 3 positions beginning in FY22-23.
- There will be a recurring increase in state expenditures of \$119,640 [(\$45,360 salary + \$14,460 benefits) x 2 Administrative Services Assistant 2 positions] in FY22-23 and subsequent years.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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